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NSC BRIEFING

12 July 1985

AFGHAN-PAKISTANI DEVELOPMENTS

- I. Following immediate and abrupt Afghan rejection of Pakistan 25 June terms for settlement dispute over Kabul riots (30 March), situation has been quiet. At present, both sides striving to improve bargaining position.
- II. Pakistan's 25 June terms agreed to Afghan demands for re-opening Pak consulates in Kandahar and Jalalabad, provided Afghans ceased anti-Pak propaganda breeding hatred and violence.
 - A. Afghan rejection presumably result belief that Pak proviso plainly aimed at ending longtime Afghan propaganda on Pushtoonistan.
 1. Apparently not only Prime Minister Daoud, but rest of Afghan royal family, as well, felt this going too far.
- III. Saudi Arabian and Egyptian mediators thereupon announced their efforts had broken down; mediators went home, leaving situation at loose ends.
 - A. Paks forthwith tightened embargo on Afghans, announced (26 June) preparations sever diplomatic relations.
 - B. Afghans, in turn, signed 5-year transit agreement with USSR on 28 June. Theoretically, agreement would permit conduct of Afghan foreign trade through alternate channels should Pak blockade continue.

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IV. There are signs, however, that neither side is pleased with present stalemate.

- A. Pak ambassador in Kabul has appointment to see Afghan King (Zahir Shah) on 12 July.
- B. Intends to present latest Pak terms in manner possibly more acceptable [redacted]
- C. Apparently ambassador will not state (as originally intended) that Pak sincerely desired better relations with Afghanistan but could not get along with Daud.

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V. Afghans, in turn, are pinched by Pak blockade but seem to be using transit agreement with USSR primarily as threat for bargaining purposes.

- A. Failure to accept mid-March Romanian bid to drill for oil in north Afghanistan, together with 27 June finalization of deal with Swedish drilling firm, seems to be Afghan method of informing West that while adamant against Paks, Afghanistan still not ready to join Soviet bloc.
- B. Prime Minister Daud's personal 21 June request that Morrison-Knudsen build international airport at Kandahar (in south Afghanistan) also appears indication that Afghans expect Pak blockade to be only temporary.

VI. India also becoming worried over loss of Afghan markets (worth \$20,000,000 annually), possible substitution of USSR in Afghan trade pattern.

- A. India may try to swing Afghans away from Soviet

VII. Meanwhile, withdrawal of Saudi Arabia and Egypt (only two potentially pro-Afghan mediators) leaves Afghans facing hostile world opinion.

- A. Pro-Pakistani Turkey waiting for invitation to step into active role as mediator.
- B. Afghans could hardly refuse Turkish offer of mediation if Paks urged it.
- C. Such offer would almost certainly reimpose pressure on Afghanistan.

VIII. Moreover, with possible exception Daud, Afghan Government has no real desire turn to USSR.

- A. Further prodding, perhaps by Turks, may bring Afghan agreement to temporary cessation of anti-Pak propaganda, while maintaining principle of freedom to advocate formation Pashtoonistan.
- B. However, seems doubtful at present that Afghan royal family will actually dismiss Daud, although family will almost certainly continue to keep him under fairly tight rein, as has been case since Oct '54 (when he engineered latest economic aid agreement with USSR).